

Testimony Submitted before the Labor and Public Employee Committee
March 13, 2012

Re: *SB 287: An Act Concerning Local Pharmacies*

Good afternoon Senator Prague, Representative Zalaski and members of the Labor and Public Employee Committee. My name is Marghie Giuliano. I am a pharmacist and Executive Vice President of the Connecticut Pharmacists Association, a professional organization representing close to 1,000 pharmacists in the state.

I am submitting testimony to discuss SB 287: An Act Concerning Local Pharmacies. First, I want to take the opportunity to thank the Committee leadership for both their interest and their willingness to roll up their sleeves and delve into this complicated issue. After last year's session, many pharmacists felt as if no one was listening. You have proved that not only were you listening, but that you also recognize the systemic problem with the reimbursement rate and the fall-out from SEBAC and are willing to attempt to fix it. This has not gone unnoticed and is has greatly restored the faith of the pharmacy community.

While 287 is well-intentioned, it does not address the main issue affecting pharmacy. The driving force behind our continued concern remains the reimbursement that is being offered to the pharmacies by CVS/Caremark. Independent pharmacies do not have the same advantages in the distribution system that the chain pharmacies have. Drugs come from manufacturers and are sent to wholesalers and then to the pharmacy. At each distribution point there is an added layer of cost incurred that gets passed on to the pharmacy purchasing the drugs. Chain pharmacies are so large that they own their own wholesalers. So, they avoid one layer of these additional costs entirely. **The reimbursement that CVS/Caremark is offering to other pharmacies as part of the state employee prescription plan is at an even lower reimbursement that is afforded to "mail order" facilities such as Express Scripts and Medco.** This level of discount is even prohibitive to the chains that do not own a mail order company such as Rite Aid and Walgreens. No pharmacy cannot afford to do business at this price.

The fallout from the state employee plan is just starting to be felt. Now that a full 90-day cycle has been completed, pharmacies are evaluating the effect of their loss of business and it is my understanding that a couple of pharmacies have decided to sell their stores.

Last week, the CPA testified against the bill which would open the state plan to municipalities and others. This would further hurt the independent pharmacies as they attempt to hold onto their existing customer base.

I would propose that before any thought of offering this plan to others is considered, we actually take a look and see what kind of savings have been elicited from the state employee health plan to date. It has been in effect since October 1, 2011 and recently, it has been noted in various media that the State Comptroller cannot qualify the savings and the State Auditors have not certified those sections of the Comprehensive Annual Financial Report concerning the projected savings. Our pharmacies know what it has done to them. Let's ask the state how effective it has been for them.

Pharmacies that have lost their state employee business are surviving thanks to the fact that Walgreens ended their relationship with Express Scripts. The movement of prescriptions from Walgreens to the independents has helped them through this difficult period – **but it is not the solution.**

While we appreciate the fact that the administration allows the pharmacies the choice to participate in the state employee plan, we would like to re-state that the one way to help independent pharmacies is to create a level playing field which is predicated on offering a **fair reimbursement** so they can compete in an equitable playing field and continue to serve their communities.

Thank you.